

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|  |                         |   |                     |
|--|-------------------------|---|---------------------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                         | Local Unit Name<br>Township of Almena                   | County<br>Van Buren |
| Fiscal Year End<br>March 31, 2007  | Opinion Date<br>7/25/07 | Date Audit Report Submitted to State<br>August 22, 2007 |                     |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

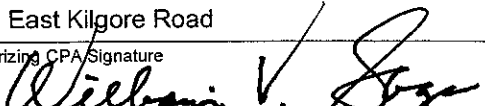
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|  |                                     |  |             |                              |
|--|-------------------------------------|--|-------------|------------------------------|
| <b>We have enclosed the following:</b>   | Enclosed                            | Not Required (enter a brief justification) |             |                              |
| Financial Statements   | <input checked="" type="checkbox"/> |  |             |                              |
| The letter of Comments and Recommendations   | <input type="checkbox"/>            | N/A  |             |                              |
| Other (Describe)   | <input type="checkbox"/>            | N/A  |             |                              |
| Certified Public Accountant (Firm Name)<br>Siegfried Crandall, PC  |                                     | Telephone Number<br>(269)381-4970          |             |                              |
| Street Address<br>246 East Kilgore Road  |                                     | City<br>Kalamazoo                          | State<br>MI | Zip<br>49002                 |
| Authorizing CPA Signature<br> |                                     | Printed Name<br>William V. Sage            |             | License Number<br>1101008186 |

*Township of Almena*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2007*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Almena, Michigan**

**We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Almena, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Township of Almena, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.**

**We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.**

**In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Almena, Michigan, as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.**

**The budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Almena, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.**

Board of Trustees  
Township of Almena, Michigan  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Almena, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

July 25, 2007

## **BASIC FINANCIAL STATEMENTS**

**Township of Almena**  
**STATEMENT OF NET ASSETS**  
March 31, 2007

|  | <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> | <u>Totals</u>       |
|--|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                                      |                                    |                                     |                     |
| Current assets:                                    |                                    |                                     |                     |
| Cash   | \$ 1,059,968                       | \$ 48,092                           | \$ 1,108,060        |
| Receivables, net                                   | <u>82,513</u>                      | <u>-</u>                            | <u>82,513</u>       |
| Total current assets                               | <u>1,142,481</u>                   | <u>48,092</u>                       | <u>1,190,573</u>    |
| Noncurrent assets:                                 |                                    |                                     |                     |
| Capital assets not being depreciated               | 65,287                             | -                                   | 65,287              |
| Capital assets, net of accumulated<br>depreciation | <u>1,085,140</u>                   | <u>-</u>                            | <u>1,085,140</u>    |
| Total noncurrent assets                            | <u>1,150,427</u>                   | <u>-</u>                            | <u>1,150,427</u>    |
| Total assets                                       | <u>2,292,908</u>                   | <u>48,092</u>                       | <u>2,341,000</u>    |
| <b>LIABILITIES</b>                                 |                                    |                                     |                     |
| Current liabilities:                               |                                    |                                     |                     |
| Payables   | 27,481                             | 1,045                               | 28,526              |
| Current portion of long-term debt                  | <u>23,755</u>                      | <u>-</u>                            | <u>23,755</u>       |
| Total current liabilities                          | 51,236                             | 1,045                               | 52,281              |
| Noncurrent liabilities - long-term debt            | <u>297,014</u>                     | <u>-</u>                            | <u>297,014</u>      |
| Total liabilities                                  | <u>348,250</u>                     | <u>1,045</u>                        | <u>349,295</u>      |
| <b>NET ASSETS</b>                                  |                                    |                                     |                     |
| Invested in capital assets, net of related debt    | 829,658                            | -                                   | 829,658             |
| Restricted:  |                                    |                                     |                     |
| Public safety                                      | 209,970                            | -                                   | 209,970             |
| Public works                                       | 218,391                            | -                                   | 218,391             |
| Culture and recreation                             | 1,034                              | -                                   | 1,034               |
| Unrestricted                                       | <u>685,605</u>                     | <u>47,047</u>                       | <u>732,652</u>      |
| Total net assets                                   | <u>\$ 1,944,658</u>                | <u>\$ 47,047</u>                    | <u>\$ 1,991,705</u> |

See notes to financial statements

**Township of Almena**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2007

| Functions/Programs                 | <u>Expenses</u>   | <u>Program Revenues</u>     |   |
|------------------------------------|-------------------|-----------------------------|---|
|                                    |                   | <u>Charges for services</u> | <u>Operating grants and contributions</u> |
| Governmental activities:           |                   |                             |   |
| Legislative                        | \$ 10,531         | \$ -                        | \$ -                                      |
| General government                 | 297,297           | 61,775                      | -   |
| Public safety                      | 117,724           | -                           | -   |
| Public works                       | 188,456           | 14,388                      | 3,826                                     |
| Community and economic development | 37,067            | 3,135                       | -   |
| Culture and recreation             | 2,693             | -                           | 118                                       |
| Interest expense                   | 10,399            | -                           | -   |
| Total governmental activities      | 664,167           | 79,298                      | 3,944                                     |
| Business- type activities:         |                   |                             |   |
| Public safety                      | 14,402            | 16,106                      | -   |
| Totals                             | <u>\$ 678,569</u> | <u>\$ 95,404</u>            | <u>\$ 3,944</u>                           |

General revenues:

Taxes  
State grants  
Investment income  
Special item - insurance settlement

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending



---

**Net (expenses) revenues and change in net assets**

| <b><u>Governmental<br/>activities</u></b> | <b><u>Business -type<br/>activity</u></b> | <b><u>Totals</u></b>    |
|---|---|-------------------------|
| \$ (10,531)                               |   | \$ (10,531)             |
| (235,522)                                 |   | (235,522)               |
| (117,724)                                 |   | (117,724)               |
| (170,242)                                 |   | (170,242)               |
| (33,932)                                  |   | (33,932)                |
| (2,575)                                   |   | (2,575)                 |
| <u>(10,399)</u>                           |   | <u>(10,399)</u>         |
| <br>(580,925)                             |   | <br>(580,925)           |
|   | \$ 1,704                                  | 1,704                   |
| <u>(580,925)</u>                          | <u>1,704</u>                              | <u>(579,221)</u>        |
| <br>383,503                               | -   | 383,503                 |
| 287,488                                   | -   | 287,488                 |
| 45,254                                    | -   | 45,254                  |
| <u>36,415</u>                             | <u>-</u>                                  | <u>36,415</u>           |
| <br>752,660                               | -   | 752,660                 |
| 171,735                                   | 1,704                                     | 173,439                 |
| <u>1,772,923</u>                          | <u>45,343</u>                             | <u>1,818,266</u>        |
| <br><u>\$ 1,944,658</u>                   | <br><u>\$ 47,047</u>                      | <br><u>\$ 1,991,705</u> |

See notes to financial statements

**Township of Almena**  
**BALANCE SHEET - governmental funds**  
 March 31, 2007

|   | <u>General</u>    | <u>Road</u>       | <u>Fire</u>       | <u>Total<br/>nonmajor<br/>governmental<br/>funds</u> |
|---|-------------------|-------------------|-------------------|--|
| <b>ASSETS</b>   |                   |                   |                   |  |
| Cash  | \$ 624,687        | \$ 197,325        | \$ 207,099        | \$ 30,857  |
| Receivables   | <u>58,591</u>     | <u>9,955</u>      | <u>9,955</u>      | <u>4,012</u>   |
| Total assets  | <u>\$ 683,278</u> | <u>\$ 207,280</u> | <u>\$ 217,054</u> | <u>\$ 34,869</u>                                     |
| <b>LIABILITIES AND FUND BALANCES</b>                        |                   |                   |                   |  |
| Liabilities:  |                   |                   |                   |  |
| Payables  | \$ 20,210         | \$ -              | \$ 7,084          | \$ 187   |
| Deferred revenue  | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>2,852</u>   |
| Total liabilities   | <u>20,210</u>     | <u>-</u>          | <u>7,084</u>      | <u>3,039</u>   |
| Fund balances:  |                   |                   |                   |  |
| Unreserved  | 663,068           | 207,280           | 209,970           | -  |
| Unreserved, reported in nonmajor -<br>special revenue funds | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>31,830</u>  |
| Total fund balances   | <u>663,068</u>    | <u>207,280</u>    | <u>209,970</u>    | <u>31,830</u>  |
| Total liabilities and<br>fund balances                      | <u>\$ 683,278</u> | <u>\$ 207,280</u> | <u>\$ 217,054</u> | <u>\$ 34,869</u>                                     |

Total fund balances

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Long-term debt used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Net assets of *governmental activities*

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***Total  
governmental  
funds***

---

\$ 1,059,968  
82,513

---

\$ 1,142,481

\$ 27,481  
2,852

---

30,333

1,080,318

31,830

1,112,148

\$ 1,142,481

\$ 1,112,148

1,150,427

2,852

(320,769)

\$ 1,944,658

*See notes to financial statements*

**Township of Alpena****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
governmental funds**

Year ended March 31, 2007

|  | <u>General</u>    | <u>Road</u>       | <u>Fire</u>       |
|--|-------------------|-------------------|-------------------|
| <b>REVENUES</b>  |                   |                   |                   |
| Taxes  | \$ 166,195        | \$ 135,624        | \$ 135,624        |
| State grants   | 287,488           | 3,826             | -                 |
| Charges for services   | 8,740             | 720               | -                 |
| Interest   | 44,950            | 324               | 324               |
| Other  | 1,680             | -                 | -                 |
|  | <u>509,053</u>    | <u>140,494</u>    | <u>135,948</u>    |
| Total revenues   |                   |                   |                   |
| <b>EXPENDITURES</b>  |                   |                   |                   |
| Legislative  | 10,531            | -                 | -                 |
| General government   | 259,060           | -                 | -                 |
| Public safety  | 10,000            | -                 | 107,724           |
| Public works   | 395               | 153,216           | -                 |
| Community and economic development   | 37,067            | -                 | -                 |
| Culture and recreation   | 2,693             | -                 | -                 |
| Debt service:  |                   |                   |                   |
| Principal  | 23,027            | -                 | -                 |
| Interest   | 10,399            | -                 | -                 |
| Capital outlay   | 30,028            | -                 | -                 |
|  | <u>383,200</u>    | <u>153,216</u>    | <u>107,724</u>    |
| Total expenditures   |                   |                   |                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>EXPENDITURES BEFORE OTHER FINANCING<br/>SOURCES (USES) AND SPECIAL ITEMS</b> | <u>125,853</u>    | <u>(12,722)</u>   | <u>28,224</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                   |                   |                   |
| Operating transfer in  | -                 | 125,000           | -                 |
| Operating transfer out   | (125,000)         | -                 | -                 |
|  | <u>(125,000)</u>  | <u>125,000</u>    | <u>-</u>          |
| Total other sources (uses)   |                   |                   |                   |
| <b>SPECIAL ITEM</b>  |                   |                   |                   |
| Insurance settlement   | 36,415            | -                 | -                 |
|  | <u>36,415</u>     | <u>-</u>          | <u>-</u>          |
| <b>NET CHANGES IN FUND BALANCES</b>  | 37,268            | 112,278           | 28,224            |
| <b>FUND BALANCES - BEGINNING</b>   | <u>625,800</u>    | <u>95,002</u>     | <u>181,746</u>    |
| <b>FUND BALANCES - ENDING</b>  | <u>\$ 663,068</u> | <u>\$ 207,280</u> | <u>\$ 209,970</u> |

| <i><b>Total<br/>nonmajor<br/>governmental<br/>funds</b></i> | <i><b>Total<br/>governmental<br/>funds</b></i> |
|---|--|
| \$ -  | \$ 437,443                                     |
| -   | 291,314  |
| -   | 9,460  |
| 206   | 45,804   |
| <u>26,806</u>   | <u>28,486</u>                                  |
| <u>27,012</u>   | <u>812,507</u>                                 |
| -   | 10,531   |
| -   | 259,060  |
| -   | 117,724  |
| 36,115  | 189,726  |
| -   | 37,067   |
| -   | 2,693  |
| -   | 23,027   |
| -   | 10,399   |
| <u>13,510</u>   | <u>43,538</u>                                  |
| <u>49,625</u>   | <u>693,765</u>                                 |
| <u>(22,613)</u>   | <u>118,742</u>                                 |
| -   | 125,000  |
| <u>-</u>  | <u>(125,000)</u>                               |
| <u>-</u>  | <u>-</u>                                       |
| -   | 36,415   |
| (22,613)  | 155,157  |
| <u>54,443</u>   | <u>956,991</u>                                 |
| <u>\$ 31,830</u>  | <u>\$ 1,112,148</u>                            |

See notes to financial statements

***Township of Almena***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - *governmental funds* (continued)**

*Year ended March 31, 2007*

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|  |            |
|--|------------|
| Net change in fund balances - total governmental funds | \$ 155,157 |
|--|------------|

Amounts reported for *governmental activities* in the statement of activities (page 6) are different because:

Capital assets:

|                                  |                 |
|----------------------------------|-----------------|
| Additions                        | 62,538          |
| Depreciation                     | (55,967)        |
| Long-term debt - retirements     | 23,027          |
| Net decrease in deferred revenue | <u>(13,020)</u> |

|  |                   |
|--|-------------------|
| Change in net assets of <i>governmental activities</i> | <u>\$ 171,735</u> |
|--|-------------------|

*See notes to financial statements*

**Township of Almena**  
**STATEMENT OF NET ASSETS - proprietary fund**  
*March 31, 2007*

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|                                  | <u><b>Building<br/>Inspections</b></u> |
|----------------------------------|--|
| <b>ASSETS</b>                    |  |
| Cash                             | \$ 48,092                              |
| <b>LIABILITIES</b>               |  |
| Payables                         | <u>1,045</u>                           |
| <b>NET ASSETS - unrestricted</b> | <u><u>\$ 47,047</u></u>                |

*See notes to financial statements*

***Township of Almena***

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
ASSETS - *proprietary fund***

*Year ended March 31, 2007*

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|   | <b><u><i>Building<br/>Inspections</i></u></b> |
|---|---|
| <b>OPERATING REVENUES</b>                   |   |
| Charges for services - licenses and permits | \$ 16,106                                     |
| <b>OPERATING EXPENSES</b>                   |   |
| Contracted services - inspections           | <u>14,402</u>                                 |
| <b>CHANGE IN NET ASSETS</b>                 | 1,704   |
| <b>NET ASSETS - BEGINNING</b>               | <u>45,343</u>                                 |
| <b>NET ASSETS - ENDING</b>                  | <u><u>\$ 47,047</u></u>                       |

*See notes to financial statements*



**Township of Almena**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
*Year ended March 31, 2007*

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|   | <b><u>Building<br/>Inspections</u></b> |
|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |  |
| Receipts from customers and users           | \$ 16,106                              |
| Payments for goods and services             | <u>(14,745)</u>                        |
| Net cash provided by operating activities   | 1,361                                  |
| <b>CASH - BEGINNING</b>                     | <u>46,731</u>                          |
| <b>CASH - ENDING</b>                        | <u><u>\$ 48,092</u></u>                |

*See notes to financial statements*

***Township of Almena***

**STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund***

*March 31, 2007*

---

**ASSETS**

|      |                 |
|------|-----------------|
| Cash | \$ <u>7,776</u> |
|------|-----------------|

**LIABILITIES**

|                                 |          |
|---------------------------------|----------|
| Due to other governmental units | \$ 6,576 |
|---------------------------------|----------|

|               |              |
|---------------|--------------|
| Due to others | <u>1,200</u> |
|---------------|--------------|

|                   |                 |
|-------------------|-----------------|
| Total liabilities | \$ <u>7,776</u> |
|-------------------|-----------------|

*See notes to financial statements*

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Almena, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the financial resources used for the expansion and maintenance of roads within the Township. Revenues are primarily derived from connection fees and special assessments.

The Fire Fund accounts for the financial resources used for fire protection for the Township. Revenues are primarily derived from special assessments.

The Township reports a single proprietary fund, Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

*d) Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

|                            |               |
|----------------------------|---------------|
| Buildings and improvements | 15 - 40 years |
| Equipment                  | 3 - 5 years   |
| Infrastructure             | 15 years      |

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

d) *Assets, liabilities, and net assets or equity (continued):*

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 to be revenue of the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. There were no significant budget violations.

**NOTE 3 - CASH:**

The Township's cash is as follows:

|      | <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> | <u>Fiduciary</u> | <u>Totals</u> |
|------|------------------------------------|-------------------------------------|------------------|---------------|
| Cash | \$ 1,059,968                       | \$ 48,092                           | \$ 7,776         | \$ 1,115,836  |

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2007, \$954,360 of the Township's bank balances of \$1,154,360 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major, and nonmajor funds in the aggregate, are as follows:

| <i>Fund</i>        | <i>Property<br/>taxes</i> | <i>Special<br/>assessments</i> | <i>Inter-<br/>governmental</i> | <i>Totals</i>    |
|--------------------|---------------------------|--------------------------------|--------------------------------|------------------|
| General            | \$ 11,391                 | \$ -                           | \$ 47,200                      | \$ 58,591        |
| Road               | 9,955                     | -                              | -                              | 9,955            |
| Fire               | 9,955                     | -                              | -                              | 9,955            |
| Other governmental | -                         | 4,012                          | -                              | 4,012            |
| <b>Totals</b>      | <b>\$ 31,301</b>          | <b>\$ 4,012</b>                | <b>\$ 47,200</b>               | <b>\$ 82,513</b> |

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2007, was as follows:

|   | <i>Beginning<br/>balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending<br/>balance</i> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental activities:                    |                              |                  |                  |                           |
| Capital assets not being depreciated - land | \$ 64,783                    | \$ 504           | \$ -             | \$ 65,287                 |
| Capital assets being depreciated:           |                              |                  |                  |                           |
| Buildings and improvements                  | 785,563                      | 13,510           | -                | 799,073                   |
| Equipment                                   | 83,233                       | 23,075           | -                | 106,308                   |
| Infrastructure                              | 341,472                      | 25,449           | -                | 366,921                   |
| Subtotal                                    | 1,210,268                    | 62,034           | -                | 1,272,302                 |
| Less accumulated depreciation for:          |                              |                  |                  |                           |
| Buildings and improvements                  | 75,305                       | 16,896           | -                | 92,201                    |
| Equipment                                   | 36,866                       | 14,892           | -                | 51,758                    |
| Infrastructure                              | 19,024                       | 24,179           | -                | 43,203                    |
| Subtotal                                    | 131,195                      | 55,967           | -                | 187,162                   |
| Total capital assets being depreciated, net | 1,079,073                    | 6,067            | -                | 1,085,140                 |
| Governmental activities capital assets, net | \$ 1,143,856                 | \$ 6,571         | \$ -             | \$ 1,150,427              |

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to governmental activities as follows:

|                    |                  |
|--------------------|------------------|
| General government | \$ 31,788        |
| Public works       | <u>24,179</u>    |
| Total              | <u>\$ 55,967</u> |

NOTE 6 - NONCURRENT LIABILITIES

Long-term debt at March 31, 2007, is comprised of the following individual issues:

*Contract payable:*

|  |                  |
|--|------------------|
| \$400,000 Installment Purchase Agreement, payable in monthly installments of \$2,785, including interest at 3.12%; final payment due July 2018 | <u>\$320,769</u> |
|--|------------------|

Long-term debt activity for the year ended March 31, 2007, was as follows:

|                          | <u>Beginning<br/>balance</u> | <u>Additions</u> | <u>Reductions</u>  | <u>Ending<br/>balance</u> | <u>Amounts<br/>due within<br/>one year</u> |
|--------------------------|------------------------------|------------------|--------------------|---------------------------|--|
| Governmental activities: |                              |                  |                    |                           |  |
| Contract payable         | <u>\$ 343,796</u>            | <u>\$ -</u>      | <u>\$ (23,027)</u> | <u>\$ 320,769</u>         | <u>\$ 23,755</u>                           |

At March 31, 2007, debt service requirements on long-term debt are follows:

| <u>Year ended<br/>March 31,</u> | <u>Governmental activities</u> |                  |
|---------------------------------|--------------------------------|------------------|
|                                 | <u>Principal</u>               | <u>Interest</u>  |
| 2008                            | \$ 23,755                      | \$ 9,670         |
| 2009                            | 24,507                         | 8,918            |
| 2010                            | 25,283                         | 8,143            |
| 2011                            | 26,083                         | 7,343            |
| 2012                            | 26,909                         | 6,517            |
| 2013 - 2017                     | 147,869                        | 23,794           |
| 2018 - 2019                     | <u>46,363</u>                  | <u>3,075</u>     |
| Totals                          | <u>\$ 320,769</u>              | <u>\$ 67,460</u> |



**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - PAYABLES:**

| <i>Fund</i>                   | <i>Accounts</i> | <i>Accrued liabilities</i> | <i>Intergovernmental</i> | <i>Totals</i>    |
|-------------------------------|-----------------|----------------------------|--------------------------|------------------|
| Governmental activities:      |                 |                            |                          |                  |
| General                       | \$ 7,122        | \$ 13,088                  | \$ -                     | \$ 20,210        |
| Fire                          | -               | -                          | 7,084                    | 7,084            |
| Other nonmajor                | <u>187</u>      | <u>-</u>                   | <u>-</u>                 | <u>187</u>       |
| Total governmental activities | 7,309           | 13,088                     | 7,084                    | 27,481           |
| Business-type activities:     |                 |                            |                          |                  |
| Building Inspections          | <u>1,045</u>    | <u>-</u>                   | <u>-</u>                 | <u>1,045</u>     |
| Total                         | <u>\$ 8,354</u> | <u>\$ 13,088</u>           | <u>\$ 7,084</u>          | <u>\$ 28,526</u> |

**NOTE 8 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Almena****BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2007

|   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>  | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---|----------------------------|---------------------------|----------------|---|
| <b>REVENUES</b>   |                            |                           |                |   |
| Taxes   | \$ 163,450                 | \$ 163,450                | \$ 166,195     | \$ 2,745  |
| State grants  | 300,000                    | 290,000                   | 287,488        | (2,512)   |
| Charges for services  | 7,900                      | 7,900                     | 8,740          | 840   |
| Interest  | 21,750                     | 31,750                    | 44,950         | 13,200  |
| Other   | 8,400                      | 12,200                    | 1,680          | (10,520)  |
| Total revenues  | <u>501,500</u>             | <u>505,300</u>            | <u>509,053</u> | <u>3,753</u>                                    |
| <b>EXPENDITURES</b>   |                            |                           |                |   |
| Legislative   | <u>11,196</u>              | <u>11,196</u>             | <u>10,531</u>  | <u>665</u>                                      |
| General government:   |                            |                           |                |   |
| Supervisor  | 25,077                     | 27,177                    | 27,259         | (82)  |
| Election  | 9,398                      | 10,598                    | 10,452         | 146   |
| Assessor  | 24,100                     | 24,100                    | 24,020         | 80  |
| Clerk   | 40,378                     | 38,628                    | 36,575         | 2,053   |
| Board of review   | 1,677                      | 1,677                     | 1,159          | 518   |
| Treasurer   | 37,965                     | 38,465                    | 37,900         | 565   |
| Hall and grounds  | 33,435                     | 39,735                    | 37,478         | 2,257   |
| Administration  | 46,364                     | 37,164                    | 37,667         | (503)   |
| Cemetery  | 14,050                     | 14,050                    | 13,112         | 938   |
| Other   | 35,500                     | 35,500                    | 33,438         | 2,062   |
| Total general government                                    | <u>267,944</u>             | <u>267,094</u>            | <u>259,060</u> | <u>8,034</u>                                    |
| Public safety - ambulance                                   | <u>10,000</u>              | <u>10,000</u>             | <u>10,000</u>  | <u>-</u>  |
| Public works:   |                            |                           |                |   |
| Drains  | 400                        | 400                       | -              | 400   |
| Street lights   | <u>600</u>                 | <u>600</u>                | <u>395</u>     | <u>205</u>                                      |
| Total public works  | <u>1,000</u>               | <u>1,000</u>              | <u>395</u>     | <u>605</u>                                      |
| Community and economic development -<br>planning and zoning | <u>30,825</u>              | <u>39,825</u>             | <u>37,067</u>  | <u>2,758</u>                                    |

**Township of Almena**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2007

|   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u> | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---|----------------------------|---------------------------|---------------|---|
| <b>EXPENDITURES (Continued)</b>   |                            |                           |               |   |
| Culture and recreation - parks and recreation   | \$ 5,000                   | \$ 5,000                  | \$ 2,693      | \$ 2,307  |
| Debt service:   |                            |                           |               |   |
| Principal   | 22,850                     | 22,850                    | 23,027        | (177)   |
| Interest  | 10,600                     | 10,600                    | 10,399        | 201   |
| Total debt service  | 33,450                     | 33,450                    | 33,426        | 24  |
| Capital outlay  | 49,400                     | 49,400                    | 30,028        | 19,372  |
| Total expenditures  | 408,815                    | 416,965                   | 383,200       | 33,765  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE OTHER<br/>FINANCING USES AND SPECIAL ITEMS</b> | 92,685                     | 88,335                    | 125,853       | 37,518  |
| <b>OTHER FINANCING USES</b>   |                            |                           |               |   |
| Operating transfer out - Road Fund  | (125,000)                  | (125,000)                 | (125,000)     | -   |
| <b>SPECIAL ITEM</b>   |                            |                           |               |   |
| Insurance settlement  | -                          | -                         | 36,415        | 36,415  |
| <b>NET CHANGE IN FUND BALANCE</b>   | (32,315)                   | (36,665)                  | 37,268        | 73,933  |
| <b>FUND BALANCES - BEGINNING</b>  | 625,800                    | 625,800                   | 625,800       | -   |
| <b>FUND BALANCES - ENDING</b>   | \$ 593,485                 | \$ 589,135                | \$ 663,068    | \$ 73,933                                       |

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2007

|   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>     | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---|----------------------------|---------------------------|-------------------|---|
| <b>REVENUES</b>                                     |                            |                           |                   |   |
| Taxes   | \$ 134,650                 | \$ 134,650                | \$ 135,624        | \$ 974  |
| State grants  | 3,860                      | 3,860                     | 3,826             | (34)  |
| Charges for services                                | 1,200                      | 1,200                     | 720               | (480)   |
| Interest  | <u>200</u>                 | <u>200</u>                | <u>324</u>        | <u>124</u>                                      |
| Total revenues                                      | 139,910                    | 139,910                   | 140,494           | 584   |
| <b>EXPENDITURES</b>                                 |                            |                           |                   |   |
| Public works  | <u>290,000</u>             | <u>290,000</u>            | <u>153,216</u>    | <u>136,784</u>                                  |
| <b>DEFICIENCY OF REVENUES OVER<br/>EXPENDITURES</b> | (150,090)                  | (150,090)                 | (12,722)          | 137,368   |
| <b>OTHER FINANCING SOURCES</b>                      |                            |                           |                   |   |
| Operating transfer in - General                     | <u>125,000</u>             | <u>125,000</u>            | <u>125,000</u>    | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                   | (25,090)                   | (25,090)                  | 112,278           | 137,368   |
| <b>FUND BALANCE - BEGINNING</b>                     | <u>95,002</u>              | <u>95,002</u>             | <u>95,002</u>     | <u>-</u>  |
| <b>FUND BALANCE - ENDING</b>                        | <u>\$ 69,912</u>           | <u>\$ 69,912</u>          | <u>\$ 207,280</u> | <u>\$ 137,368</u>                               |

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2007

|                                   | <b><u>Original<br/>budget</u></b> | <b><u>Amended<br/>budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>favorable<br/>(unfavorable)</u></b> |
|-----------------------------------|-----------------------------------|----------------------------------|----------------------|--|
| <b>REVENUES</b>                   |                                   |                                  |                      |  |
| Taxes                             | \$ 134,650                        | \$ 134,650                       | \$ 135,624           | \$ 974   |
| Interest                          | <u>200</u>                        | <u>200</u>                       | <u>324</u>           | <u>124</u>   |
| Total revenues                    | 134,850                           | 134,850                          | 135,948              | 1,098  |
| <b>EXPENDITURES</b>               |                                   |                                  |                      |  |
| Public safety                     | <u>127,724</u>                    | <u>127,724</u>                   | <u>107,724</u>       | <u>20,000</u>  |
| <b>NET CHANGE IN FUND BALANCE</b> | 7,126                             | 7,126                            | 28,224               | 21,098   |
| <b>FUND BALANCE - BEGINNING</b>   | <u>181,746</u>                    | <u>181,746</u>                   | <u>181,746</u>       | <u>-</u>   |
| <b>FUND BALANCE - ENDING</b>      | <u>\$ 188,872</u>                 | <u>\$ 188,872</u>                | <u>\$ 209,970</u>    | <u>\$ 21,098</u>                                       |

## **SUPPLEMENTARY INFORMATION**

**Township of Almena**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2007

|  | <u>Special revenue funds</u>  |                          |                   |                  |
|--|-------------------------------|--------------------------|-------------------|------------------|
|  | <u>Special<br/>Assessment</u> | <u>Township<br/>Hall</u> | <u>Historical</u> | <u>Totals</u>    |
| <b>ASSETS</b>                          |                               |                          |                   |                  |
| Cash                                   | \$ 7,286                      | \$ 22,537                | \$ 1,034          | \$ 30,857        |
| Receivables                            | <u>4,012</u>                  | <u>-</u>                 | <u>-</u>          | <u>4,012</u>     |
| Total assets                           | <u>\$ 11,298</u>              | <u>\$ 22,537</u>         | <u>\$ 1,034</u>   | <u>\$ 34,869</u> |
| <b>LIABILITIES</b>                     |                               |                          |                   |                  |
| Accounts payable                       | \$ 187                        | \$ -                     | \$ -              | \$ 187           |
| Deferred revenue                       | <u>2,852</u>                  | <u>-</u>                 | <u>-</u>          | <u>2,852</u>     |
| Total liabilities                      | 3,039                         | -                        | -                 | 3,039            |
| <b>FUND BALANCES</b>                   |                               |                          |                   |                  |
| Unreserved, undesignated               | <u>8,259</u>                  | <u>22,537</u>            | <u>1,034</u>      | <u>31,830</u>    |
| Total liabilities and<br>fund balances | <u>\$ 11,298</u>              | <u>\$ 22,537</u>         | <u>\$ 1,034</u>   | <u>\$ 34,869</u> |



**Township of Almena****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2007

|                                     | <b>Special revenue funds</b>  |                          |                   | <b>Totals</b>     |
|-------------------------------------|-------------------------------|--------------------------|-------------------|-------------------|
|                                     | <b>Special<br/>Assessment</b> | <b>Township<br/>Hall</b> | <b>Historical</b> |                   |
| <b>REVENUES</b>                     |                               |                          |                   |                   |
| Interest                            | \$ 206                        | \$ -                     | \$ -              | \$ 206            |
| Special assessments                 | 26,688                        | -                        | -                 | 26,688            |
| Donations                           | -                             | -                        | 118               | 118               |
|                                     | <u>          </u>             | <u>          </u>        | <u>          </u> | <u>          </u> |
| Total revenues                      | 26,894                        | -                        | 118               | 27,012            |
|                                     | <u>          </u>             | <u>          </u>        | <u>          </u> | <u>          </u> |
| <b>EXPENDITURES</b>                 |                               |                          |                   |                   |
| Public works                        | 36,115                        | -                        | -                 | 36,115            |
| Capital outlay                      | -                             | 13,510                   | -                 | 13,510            |
|                                     | <u>          </u>             | <u>          </u>        | <u>          </u> | <u>          </u> |
| Total expenditures                  | 36,115                        | 13,510                   | -                 | 49,625            |
|                                     | <u>          </u>             | <u>          </u>        | <u>          </u> | <u>          </u> |
| <b>NET CHANGES IN FUND BALANCES</b> | (9,221)                       | (13,510)                 | 118               | (22,613)          |
| <b>FUND BALANCE - BEGINNING</b>     | 17,480                        | 36,047                   | 916               | 54,443            |
|                                     | <u>          </u>             | <u>          </u>        | <u>          </u> | <u>          </u> |
| <b>FUND BALANCE - ENDING</b>        | \$ 8,259                      | \$ 22,537                | \$ 1,034          | \$ 31,830         |
|                                     | <u>          </u>             | <u>          </u>        | <u>          </u> | <u>          </u> |